



HFMA briefing
April 2023



Sustainability reporting in the NHS

2022/23 and beyond

The CPD Standards Office
CPD PROVIDER: 50137
2022-2024
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Introduction

There is no doubt environmental sustainability is a key challenge for everyone. The March 2023 report from the Intergovernmental Panel on Climate Change (IPCC)¹ is just the latest report to underscore the urgency of taking more ambitious action to secure a liveable future for all. As Amanda Pritchard, NHS England chief executive, writes in explaining the NHS net zero commitments, 'Climate change is a health emergency, as well as an environmental emergency'².

Each of the four nations of the UK have set net zero targets so sustainability reporting is a key mechanism to support those managing progress towards these targets. In the private sector sustainability reporting is increasingly important to investors and stock exchanges, while in both the private sector and public sector it is important to support decision-making and accountability.

As a result, sustainability reporting is an area of increased focus across the accountancy profession and is expected to increase in prominence over the coming years.

Sustainability reporting requirements, and the planned timing of implementation, varies across the private sector and public sector, as well as across different parts of the public sector itself. The current sustainability reporting landscape is complicated with different government departments responsible for different policies.

Many of the reporting initiatives will take time to develop and be adopted in the UK public sector. With NHS commitments in place to significantly reduce carbon by the end of this decade, there is a timing mismatch with mandatory requirements. The role of the finance function in driving effective sustainability reporting is critical, not only in meeting mandatory requirements but leading the way in driving sustainability reporting and sharing best practice.

The aim of this briefing is to signpost finance directors, sustainability leads, non-executive directors and all those interested in the environmental sustainability agenda to guidance and reporting requirements that are, or may, become relevant to the NHS. This builds on the HFMA's February 2022 *Sustainability reporting webinar*³.

The briefing sets out the NHS environmental sustainability commitments and reporting requirements across the United Kingdom, what NHS organisations must report in 2022/23, along with good practice in sustainability reporting for NHS organisations in 2022/23 and beyond. It also looks ahead at future developments, the role of the finance function and how you can get involved in supporting the agenda.

NHS environmental sustainability commitments

There is a clear commitment to improving environmental sustainability in the NHS across the United Kingdom, as set out in legislation, strategies and guidance. As shown in **figure 1**, each of the four nations has ambitious targets to reduce carbon emissions.

¹ IPCC, [Urgent climate action can secure a liveable future for all](#), March 2023

² NHS England, [Comment from @AmandaPrtichard](#), October 2021

³ HFMA, [Sustainability reporting](#), February 2022

Figure 1: NHS carbon emissions targets

England

- reduce the emissions they control directly to net zero by 2040, with an ambition to reach an 80% reduction by 2028 to 2032
- reduce the emissions they can influence to net zero by 2045, with an ambition to reach an 80% reduction by 2036 to 2039

*Delivering a 'net zero' National Health Service*⁴

Wales

- contribute to the ambition for the public sector in Wales to be collectively net zero by 2030
- decarbonisation targets of 16% by 2025 and 34% by 2030 reduction compared to the 2018/19 position

*NHS Wales decarbonisation strategic delivery plan*⁵

Northern Ireland

- contribute to the target for Northern Ireland to be net zero by 2050, reducing emissions by 48% for 2030 and 100% by 2050
- different baseline years have been set for different greenhouse gases

*The Climate Change Act (Northern Ireland) 2022*⁶

Scotland

- to become a net zero greenhouse gas emissions health service by 2040 or earlier where possible

*NHS Scotland climate emergency sustainability strategy 2022-2026*⁷

England

In October 2020, the NHS in England became the world's first health service to commit to reaching carbon net zero. Along with targets set out in *Delivering a net zero national health service*, environmental sustainability requirements in England are reflected in the following:

- *The Health and Care Act 2022* statutory requirements to specifically contribute towards:
 - the environmental targets within the *Environment Act 2021*⁸
 - the UK net zero emissions target and adaptations to any current or predicted impacts of climate change identified within the *Climate Change Act 2008*⁹
- *Net zero supplier roadmap*¹⁰ including requirements for:
 - all NHS procurements to include a minimum 10% net zero and social value weighting by April 2022
 - contracts with the NHS above £5 million per annum from April 2023, and all procurement from April 2024, to require suppliers to publish a carbon reduction plan
- The NHS standard contract¹¹ mandates a range of targets relating to sustainability, including that all providers have a board approved green plan.

NHS England's *Greener NHS programme*¹² is in place to support this transformation.

⁴ NHS England, [Delivering a net zero NHS](#), July 2022

⁵ Welsh Government, [NHS Wales decarbonisation strategic delivery plan](#), March 2021

⁶ Northern Ireland Assembly, [Climate Change Act \(Northern Ireland\) 2022](#), June 2022

⁷ Scottish Government, [NHS Scotland climate emergency sustainability strategy 2022-2026](#), August 2022

⁸ DEFRA, [Environment Act 2021: environmental targets](#), February 2023

⁹ UK government, [Climate Change Act 2008](#), March 2023

¹⁰ NHS England, [Suppliers](#), including links to [Net zero and social value guidance](#), March 2022 and [Carbon Reduction Plan requirements for the procurement of NHS good, services and works guidance](#), March 2023

¹¹ NHS England, [NHS standard contract](#), March 2022

¹² NHS England, [Greener NHS](#), October 2020

Scotland

*The Climate Change (Scotland) Act 2009*¹³ and *The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019*¹⁴ sets the statutory framework for reductions in greenhouse gas emissions. In order to comply with these legal requirements, NHS Scotland has produced the *Policy for NHS Scotland on the global climate emergency and sustainable development*¹⁵, underpinned by the *NHS Scotland climate emergency and sustainability strategy 2022-2026*.

NHS Scotland's policy aims are to ensure that it:

- contributes to the achievement of the United Nation's *Sustainable development goals*¹⁶.
- becomes a net-zero greenhouse gas emissions health service by 2040 or earlier
- ensures assets and activities are resilient to the impacts of a changing climate
- establishes a culture of stewardship, where natural resources are safeguarded and responsibly used to provide environmentally sustainable healthcare
- is part of the circular economy through designing out waste and pollution, keeping products and materials in use and contributing to the regeneration of natural systems.
- Increases its contribution to tackling the ecological emergency and restoring biodiversity.

To underpin these policy aims, the Scottish government has included climate and environment as delivery priorities in the *NHS Scotland delivery plan guidance 2023/24* (awaiting publication at the time of writing this paper). Priorities for NHS boards should be included in their medium-term (three-year) and annual delivery plans.

Northern Ireland

The Climate Change Act (Northern Ireland) 2022 specifies that Northern Ireland departments must ensure that net emissions for 2030 are at least 48% lower than the baseline and that the net emissions for 2050 are at least 100% lower than the baseline (different baseline years have been set for different greenhouse gases, in the Act, ranging from 1990 to 1995).

In addition to and predating the *Climate Change Act*, Northern Ireland also has an *Energy management strategy and action plan to 2030*¹⁷, which public bodies should adhere to. This includes the adoption of a net energy consumption reduction target of 30% by 2030.

Wales

The Welsh Government declared a climate emergency in 2019 and has set the ambition for the public sector in Wales to be net zero by 2030. In March 2019 the First Minister for Wales launched *Prosperity for all: a low carbon Wales*¹⁸, setting out Welsh Government's plan for decarbonisation.

The *NHS Wales decarbonisation strategic delivery plans* demonstrate how NHS Wales will respond to the climate emergency. It sets out 46 initiatives and targets for the decarbonisation of NHS Wales that will be assessed and reviewed in 2025 and 2030. This includes the decarbonisation targets set out in **figure 1**.

The *Well-being of Future Generations (Wales) Act*¹⁹ became law in 2015 and places duties on Welsh health bodies (and other authorities) to improve the social, economic, environmental and cultural well-being of Wales. Addressing climate change is key to meeting this duty. Further detail is included in HFMA's briefing, *Integrated reporting in the context of the Well-being of Future Generations Act*²⁰.

¹³ Scottish Government, [Climate Change Act \(Scotland\) 2009](#), August 2009

¹⁴ Scottish Government, [Climate change \(emissions reduction targets\) \(Scotland\)](#), October 2019

¹⁵ Scottish Government, [Policy for NHS Scotland on climate emergency](#), November 2021

¹⁶ United Nations, [Sustainable development goals](#), September 2015

¹⁷ Northern Ireland Assembly, [Energy management strategy and action plan to 2030](#), March 2019

¹⁸ Welsh Government, [Prosperity for all: a low carbon Wales](#), June 2019

¹⁹ Welsh Government, [Well-being of Future Generations Act](#), June 2015

²⁰ HFMA, [Integrated reporting in the context of the Well-being of Future Generations Act](#), June 2017

Sustainability reporting requirements

To support effective sustainability decision-making and accountability, information is needed to measure progress against targets. Sustainability reporting allows organisations to understand their current position and compare themselves to targets, both over time and with other organisations. As CIMA observed in *Sustainability reporting for the future*²¹, ‘organisations can’t manage what they don’t measure and can’t build trust with their stakeholders unless they provide consistent, comparable information on a variety of metrics, including sustainability metrics’.

There is a range of guidance applicable to different organisations and at different times as set out below.

UK mandatory climate-related financial disclosure requirements²²

Companies and limited liability partnership regulations include requirements that strengthen environmental, social and governance (ESG) reporting. They require disclosure, where material, of: how climate change is addressed in corporate governance; the impacts on strategy; how climate-related risks and opportunities are managed; and the performance measures and targets applied. They are applicable to financial years starting on or after 6 April 2022.

The regulation requirements are aligned with the recommendations issued by the *International Task Force on climate-related financial disclosures* (TCFD)²³. This sets out recommended disclosures across four thematic areas: governance; strategy; risk management; and metrics and targets²⁴.

Global reporting initiative (GRI) standards²⁵

The GRI standards are a modular system of interconnected standards to help organisations report the impacts of their activities towards sustainable development.

IFRS S1 and IFRS S2

In March 2022, the International Sustainability Standards Board (ISSB) published two exposure drafts - *IFRS S1 General requirements for disclosure of sustainability-related financial information* and *IFRS S2 Climate-related disclosure*. Final standards are expected in June 2023. A key requirement is for sustainability reporting to be connected to the financial statements. These standards incorporate TCFD metrics and are expected to be effective from 1 January 2024, adopted under UK law in 2025.

Following consultation in 2022, the International Public Sector Accounting Standards Board (IPSASB) is also considering plans to develop a public sector specific sustainability reporting framework.

HM Treasury and the Financial Reporting Advisory Board (FRAB) are monitoring developments by standard setters, as well as in the private sector, to consider and advise on a future sustainability-related reporting strategy for the UK public sector.

Greening government commitments 2021 to 2025²⁶

The *Greening government commitments (GGC) framework* includes targets on greenhouse gas emissions, waste and water consumption, as well as commitments on procurement, nature recovery, climate adaptation and information and communication technology. They are applicable to central government departments and their agencies. NHS bodies are excluded from the scope of these.

²¹ CIMA, [Sustainability reporting for the future](#), website as viewed March 2023

²² BEIS, [Climate related financial disclosures](#), February 2022 covering [The Companies \(Strategic Report\) \(Climate-related Financial Disclosure\) Regulations 2022](#) and the [Limited Liability Partnerships \(Climate-related Financial Disclosure\) Regulations 2022](#).

²³ TCFD, [TCFD metrics and targets](#), October 2021

²⁴ FRAB, [Sustainability Subcommittee Update](#), November 2022 (see page 17 for TCFD overview)

²⁵ GRI, [Standards and how to use the GRI standards](#), website as viewed March 2023

²⁶ DeFRA, [Greening government commitments 2021 to 2025](#), December 2022

HM Treasury's Financial reporting manual (FreM)²⁷ and sustainability reporting guidance²⁸

The 2022/23 FreM refers to mandatory sustainability reporting requirements including the impact of the entity's business on the environment and reporting on climate change adaptation. It also refers to the *Sustainability and environmental reporting guidance*²⁹, for use in central government. While this guidance does not apply to the NHS, it outlines the minimum statutory reporting requirements, some best practice examples, and underlying principles to be adopted.

NHS 2022/23 reporting requirements

England

For the NHS in England, the 2022/23 *Group accounting manual (GAM)*³⁰ mandates that sustainability matters are to be included in the performance analysis section of annual reports, stating:

'As a minimum, the performance analysis must include.... information on environmental matters, including the impact of the entity's business on the environment. Reporting entities are expected to report annually on sustainability matters. It is envisaged that reporting entities will produce a report that will be integral, with reference throughout the annual report and accounts and not a separate standalone report.'

This allows for significant flexibility by NHS bodies in terms of the level of detail they report.

The NHS foundation trust *Annual reporting manual*³¹ requires 'information about environmental matters, including the impact of the foundation trust's business on the environment.' It recommends disclosure of progress against the plan required by the NHS standard contract condition 18.2.

The NHS standard contract stipulates, in service condition 18.2, that providers must maintain and deliver a green plan, approved by their governing body, in accordance with guidance and must:

- provide an annual summary of progress on the delivery of that plan
- nominate a net zero lead and ensure that the co-ordinating commissioner is kept informed at all times of the person holding this position
- publish in its annual report quantitative progress data, covering as a minimum greenhouse gas emission in tonnes, emissions reduction projections and an overview of the provider's strategy to deliver those reductions.

Green plan requirements for trusts and integrated care systems are provided by Greener NHS³².

As reflected in model annual governance statements 2022/23³³, NHS bodies are also required to include reference to risk assessments undertaken and plans in place which take account of the *Delivering a net zero national health service* report and compliance with obligations under the *Climate Change Act* and the adaptation reporting requirements.

Scotland

NHS health boards are required to prepare their accounts in accordance with the *Scottish public finance manual* which is consistent with the FreM.

*The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020*³⁴ requires NHS boards to report on their progress in delivering their emissions reduction targets. All NHS boards are required to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the *Climate Change Act* and the

²⁷ HM Treasury, [Financial reporting manual 2022/23](#), December 2021

²⁸ HM Treasury, [Public sector annual reports: sustainability reporting guidance 2022/23](#), December 2022

²⁹ HM Treasury, [Sustainability and environmental reporting guidance](#), December 2022

³⁰ DHSC, [Group accounting manual 2022/23](#), January 2023

³¹ NHS England, [FT Annual reporting manual](#), March 2023

³² NHS England, [How to produce a green plan](#), June 2021

³³ NHS England, [NHS trusts AGS and year end requirements 2022/23](#), March 2023. (Similar requirements are in place for ICBs and foundations trusts)

³⁴ Scottish Government, [Climate change Scotland amendment order](#), November 2020

amendment order. The information returned by the board is compiled into a national analysis report³⁵, published annually.

In addition, health boards are required to report on their progress against NHS Scotland's climate and sustainability aims on an annual basis under *A policy for NHS Scotland on the climate emergency and sustainable development*.³⁶

Audit Scotland is developing a programme of work on climate change. For 2022/23 audits³⁷, auditors are required to provide answers to six questions about an organisation's climate change arrangements, provided to Audit Scotland's climate change team.

Northern Ireland

The last published manual for accounts in Northern Ireland³⁸ mirrors the guidance in the *Group accounting manual* as above.

Wales

The format and presentation of statutory accounts are prescribed by NHS Wales and are based on the guidance in the FReM. In accordance with the FReM, Welsh health bodies publish sustainability information within their annual report, comprising high-level overviews of the impact of the entity's business on the environment and their work on environmental matters.

In addition, and outside of annual reporting, Welsh public sector bodies, including health bodies, must report their well-being and sustainable development plans and progress to the auditor general. The auditor general undertakes examinations³⁹ of the extent to which public bodies have applied the sustainable development principles (from the Well-being of Future Generations Act) when setting and prioritising their well-being objectives.

Sustainable development plans must also be shared with the future generations commissioner and *NHS Wales' planning framework*⁴⁰ requires organisations to produce a three-year integrated medium-term plan (IMTP) covering the period 2022 to 2025. The IMTP should provide examples of specific projects and demonstrate how organisations are contributing to policies such as the *NHS Wales decarbonisation strategy delivery plan*⁵. Welsh NHS bodies have to report delivery, against their IMTP, to the Welsh government.

Good practice reporting

Good practice sustainability reporting should provide the information the reader needs, such as clear and timely information they need to understand the position on environmental sustainability and drive improved actions.

Although NHS bodies fall outside the scope of much of the sustainability reporting requirements above, the 2022/23 annual report requirements do allow significant freedom in what can be reported. Examples of disclosure might include:

- the key points to be achieved in the green plan
- how this is being measured
- progress towards net zero targets and achievements so far
- NHS bodies' long-term sustainability strategy including adaptations
- governance arrangements and monitoring
- future plans and likely impact
- reference to more detailed information, such as green plans.

³⁵ Sustainable Scotland Network, [Analysis report 2020/21](#), May 2022

³⁶ Scottish Government, [A policy for NHS Scotland on the climate emergency and sustainable development](#), November 2021

³⁷ Audit Scotland, [Guidance on planning the annual audit 2022/23 annual audits of public bodies](#), October 2022

³⁸ Department of Health, [HSC Manual of Accounts 2017-2018](#), February 2018

³⁹ Audit Wales, [Well being of future generations report](#), May 2020

⁴⁰ NHS Wales, [Planning framework 2022/25](#), November 2021

Initially, while it might be considered that integrated care boards (ICBs) have limited estates and therefore limited environmental impact, there are still significant areas where an ICB could include sustainability reporting disclosures, including:

- how sustainability measures feature in its approach to procurement
- the sustainability performance of primary care facilities within its remit, including reference to new primary care developments
- referencing the sustainability performance of significant NHS providers within its ICS.

There are a number of good practice examples of sustainability reporting with some NHS bodies trialling approaches from a simple table of requirements and progress against the standard contract to mapping of carbon impact against individual lines in their ledger.

Examples of sustainability reporting are set out below for reference. While the information listed in these examples is neither exhaustive nor mandatory, it may be a useful guide for preparers of annual reports of the types and broad headings of information that readers will find useful.

NHS England⁴¹ and the Home Office⁴² include a specific sustainability report/ appendix in their annual report and accounts.

Newcastle upon Tyne Hospitals NHS Foundation Trust⁴³, shortlisted for a 2022 HFMA environmental sustainability award, has produced comprehensive sustainability information in their annual report. It analyses the trust's performance against the domains of: energy; water; waste; buildings and land; purchasing; journeys; care and people.

The report produced by Manchester University NHS Foundation Trust⁴⁴, which was also shortlisted for the HFMA environmental sustainability award 2022, provides readers with information on its carbon footprint plus the emissions over which they have influence. The report describes how emissions will be improved against the following plans:

- trust models of care
- digital transformation and medicines
- environmental impacts of their supply chain
- food, nutrition and waste
- estates and facilities, including energy and water
- travel and transport
- climate change adaptation
- green spaces and biodiversity
- workforce, networks and system leadership.

Great Ormond Street Hospital NHS Foundation Trust⁴⁵, cited as best practice by the National Audit Office (NAO) in *Good practice in annual reporting*⁴⁶, sets out how net zero carbon emission targets will be achieved by areas of control and influence, including how this will be delivered and achievements so far (**figure 2**).

Belfast Health and Social Care Trust annual report 2021/22⁴⁷ is an example of how to be specific on what is trying to be achieved, risks and opportunities, referring to the *Energy management strategy and action plan to 2030* and the *Climate Change Act*. The trust reports that the act will pose significant challenges including, behavioural changes, ensuring all energy usage is monitored effectively to identify waste and opportunities and the use of technologies to reduce carbon.

⁴¹ NHS England, [Annual report and accounts 2021 to 2022](#), January 2023 (Appendix 5)

⁴² Home Office, [Annual report and accounts 2021 to 2022](#), July 2022 (page 51)

⁴³ Newcastle upon Tyne Hospitals NHS Foundation Trust, [Annual report 2021/22](#), June 2022

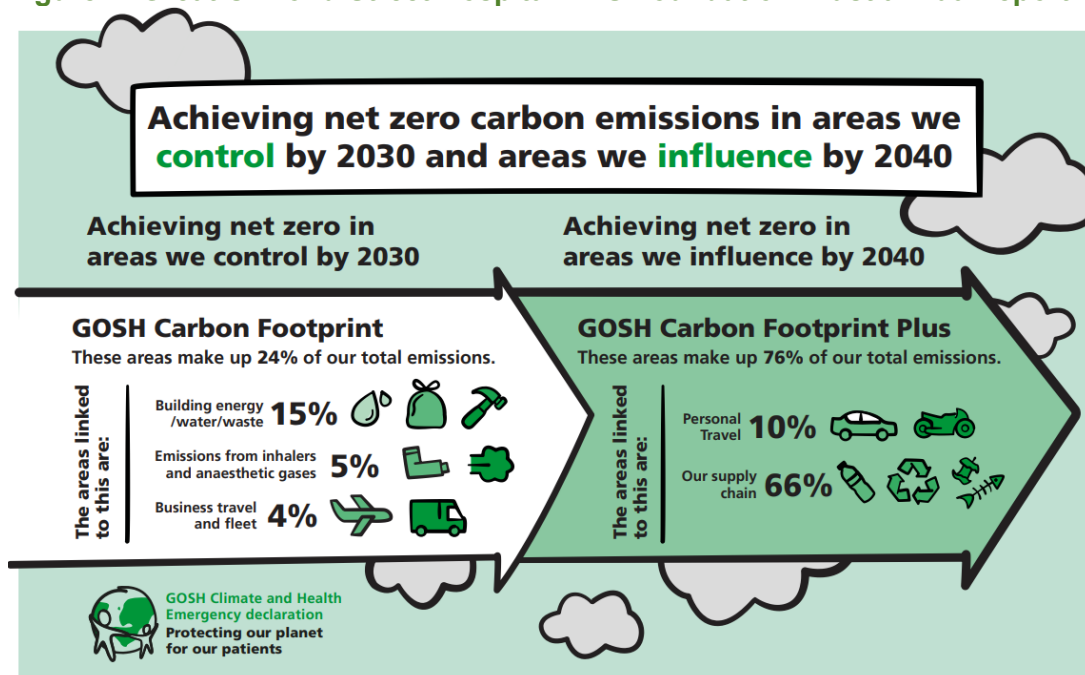
⁴⁴ Manchester University NHS Foundation Trust, [Annual report and accounts 2021/22 \(page 62\)](#), July 2022

⁴⁵ Great Ormond Street Hospital NHS Foundation Trust, [Annual report 2021/22](#), June 2022

⁴⁶ NAO, [Good practice in annual reporting](#), February 2023

⁴⁷ Belfast Health and Social Care Trust, [Annual report 2021/22](#), August 2022

Figure 2: Great Ormond Street Hospital NHS Foundation Trust annual report 2021/22 extract



Welsh health boards publish high-level summary sustainability information in their annual reports with reference to more detailed reporting. For example, Cwm Taf Morgannwg University Health Board⁴⁸ has published a separate annual sustainability report, giving details of information and progress against green plans in the domains of transport, waste, energy, decarbonisation, environmental management, biodiversity and climate change adaptation. Velindre University NHS Trust’s annual report includes detailed sustainability information in a section on the *Future Generations Act: creating a sustainable organisation*. This section of the report covers travel and transport, biodiversity, green social prescribing, decarbonisation and waste⁴⁹. The report also references the trust’s medium-term integrated plan 2022/25, linking it to the wider sustainability goals of the Future Generations Act.

HM Treasury has published a review of examples of good practice in annual accounts, including sustainability reporting⁵⁰, citing the UK Atomic Energy Authority annual report for its use of an infographic to provide a high-level overview of the organisation’s key activities and performance and for its clear focus on summary information, allowing users to easily understand performance outcomes. Also cited as best practice is the annual report of the Driver and Vehicle Standards Agency, which uses individual graphs with trend data to clearly show progress against each greening government commitment, incorporating a RAG system and brief explanations on the reasons for improvements or deteriorations.

The NAO’s *Good practice in annual reporting* also highlights annual reports from private sector organisations for their consideration of the environment in which the entity operates, stakeholder engagement and integration of sustainability into core strategy.

From the global corporate reporting sector, Olam group’s annual report⁵¹ was referenced at the HFMA’s environmental sustainability conference in October 2022. The annual report sets out the organisation’s purpose, vision and objectives across a number of capitals: financial, manufactured, intellectual, intangible, human, social and natural. This annual report provides a more holistic picture of the organisation, including the risks and opportunities to all of its stakeholders. This demonstrates

⁴⁸ Cwm Taf Morgannwg University Health Board, [Annual report 2021/22](#), July 2022

⁴⁹ Velindre University NHS Trust, [Annual report 2021/22](#), July 2022

⁵⁰ HM Treasury, [The government financial reporting review: best practice examples in annual reporting](#), March 2021 (The 2021/22 best practice report is expected in April 2023)

⁵¹ Olam group, [Annual report 2021](#), 2021

how improved connectivity and dependency of integrated reporting can inform better decision-making.

Future sustainability reporting requirements

In June 2021 the Financial Reporting Advisory Board (FRAB), established the sustainability subcommittee (FRAB SSC)⁵² to consider how public sector annual reports and accounts can best reflect financial reporting matters concerning climate change, as well as to provide advice and guidance to FRAB on climate-related and sustainability reporting matters in the public sector. In March 2023, FRAB recommended a three-phase approach to TCFD implementation:

- Phase 1, to apply to 2023/24 annual reports and accounts – overview of TCFD with the recommended disclosures for the governance pillar. This would comprise of a high-level narrative on TCFD reporting, as well as all the recommended disclosures for governance.
- Phase 2, to apply to 2024/25 annual reports and accounts – qualitative focus on risk management with focus on existing metrics and targets. This would comprise of all the recommended disclosures for risk management, as well as apply existing metrics and targets data collected to metrics and targets disclosures.
- Phase 3, to apply to 2025/26 annual reports and accounts – quantitative focus on strategy with potential to expand metrics and targets. This would comprise of all the recommended disclosures for Strategy, including both the qualitative and quantitative disclosures (for example, scenario analysis, consideration of wider scope 3 greenhouse gas emissions).

The role of the finance function

The role of the finance function in driving effective sustainability reporting is critical. This role extends beyond meeting the requirements set out for inclusion in the annual report and accounts. With a number of question marks over metrics, evolving guidance and often pockets of reporting in silos, the finance function has the necessary skills to analyse and report measures, and bring together different sources of information and people. Crucially, the finance function can identify, and provide early warning of, operational and risk drivers linked to sustainability efforts, and their potential impact on the overall financial position.

This is echoed by CIPFA⁵³ noting that ‘sustainability reporting in the public sector is in its infancy and that the finance profession can play a key role, particularly in the establishment of controls and systems for the collection and reporting of data to be included in sustainability reports’.

ACCA’s *Green budgeting toolkit*⁵⁴, shows how action to address the climate challenge requires change across the whole public sector and must be central to every public sector organisation’s decision-making processes. It states, ‘*accountancy and finance professionals in the public sector are essential to this task, providing leadership and expertise to mainstream climate action*’.

The finance function also has a role in ensuring climate change risks are on the board agenda, considered as part of the overall strategy and taken into account proactively in decision-making. The CQC well-led question includes the quality statement, ‘we understand any negative impact of our activities on the environment and we strive to make a positive contribution in reducing it and support people to do the same’⁵⁵. The impact of climate-related risks is also an area of increasing audit focus as a result of the financial reporting Council (FRC) *Thematic review of TCFD disclosures and climate in the financial statements*⁵⁶. The FRC’s recommendations include recognising that climate change risks should be on the board agenda, integrated into decision making, and their impact on accounting and disclosures (including judgments and estimates) considered. The NAO’s guide, *Climate change risk: a good practice guide for audit and risk assurance committees*⁵⁷, recognises the key role audit and risk assurance committees play in supporting and advising the board.

⁵² FRAB, [Sustainability subcommittee update](#), November 2022

⁵³ CIPFA, [Sustainability report](#), July 2021

⁵⁴ ACCA, [Green budgeting a toolkit for public sector finance professionals](#), December 2022

⁵⁵ CQC, [Key questions and quality statements](#), July 2022

⁵⁶ FRC, [TCFD disclosures and climate in the financial statements](#), July 2022

⁵⁷ NAO, [Climate change risk: a good practice guide for audit and risk assurance committees](#), August 2021

Audit committees in particular should be aware of the planning and reporting requirements and be able to offer sufficient challenge and assurance to help organisations implement their plans (including milestones and metrics) and hold the board and individuals to account.

There are a number of training programmes and guidance available, such as ACCA's certificate in sustainability for finance, CIMA's fundamentals of ESG certificate and ICAEW's sustainability certificate, to support finance professionals in gaining knowledge and skills to integrate sustainability reporting into their organisations. The HFMA's regular *Environmental sustainability round-up*⁵⁸ includes details of a number of these.

We will continue to update our briefing as requirements and standards develop. Please get in touch via policy@hfma.org.uk if you would like to share your own examples from 2022/23 or would like to get involved in supporting this agenda.

⁵⁸ [HFMA, *Environmental sustainability round-up*, December 2022](#)

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For over 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

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